

IN THE UNITED STATES BANKRUPTCY COURT FOR
THE NORTHERN DISTRICT OF ALABAMA
NORTHERN DIVISION

In the Matter of:)	
)	
MARVIN REX RANKIN III,)	
SSN: XXX-XX-3901)	CASE NO. 20-80495-CRJ11
)	
MARY BETH LEMMOND RANKIN)	
SSN: XXX-XX-7950)	
)	
Debtors.)	CHAPTER 11
_____)	

AFFIDAVIT OF KENNETH D. WATSON

Before me, the undersigned authority, personally appeared Kenneth D. Watson, who, after being duly sworn, deposes and says as follows:

1. My name is Kenneth D. Watson. I am over the age of twenty-one and I make this affidavit based upon my own personal knowledge.
2. I am the President of Bryant Bank ("the Bank") located at 320 Pelham Avenue SW, Suite 100 Huntsville, Alabama 35801. In my capacity as President, I am authorized to execute this Affidavit on behalf of the Bank.
3. I am responsible for the matters related to the business transactions that are the subject of the Motion By Bryant Bank for Relief from the Automatic Stay ("the Motion").
4. I have reviewed the Motion and the exhibits that are attached to it. The Exhibits that are attached to the Motion (except for the affidavit of Mark Cobb) are prepared by or at the direction of the Bank. They are also kept and maintained by the Bank in its ordinary course of business.
5. As of February 13, 2020, Marvin Rex Rankin III ("Rex"), Mary Beth Lemmond Rankin ("Mary Beth"), RWS Charter LLC ("RWS"), and Bayport Corporation Ltd. ("Bayport")

(hereinafter, collectively “Debtors”) owed the Bank the approximate sum of \$2,593,772 plus accrued interest and costs of collection (hereinafter “the Debt”) evidenced by the following loan instruments:

- a. For Loan Number 6000122683, a promissory note dated March 14, 2011 in the original principal amount of \$2,000,000 executed by Rex in favor of the Bank, which was most recently renewed by Rex and RWS in a promissory note dated October 17, 2019. This debt matured on November 17, 2019 pursuant to which Rex and Bayport owe the sum of 1,044,019.07 to the Bank plus accruing interest and costs. A copy of the current note is attached to the Motion as Exhibit 2.
 - b. For Loan Number 6000277105, a promissory note dated June 17, 2016 in the original principal amount of \$2,300,000 executed by Bayport and Rex in favor of the Bank, which was last extended by a Change in Terms Agreement dated June 24, 2019. This debt matured on October 24, 2019 pursuant to which Bayport and Rex owe the sum of \$1,300,000 to the Bank plus accruing interest and costs. A copy of this Change in Terms Agreement is attached as Exhibit 3 to the Motion.
 - c. For Loan Number 6000288638, a promissory note dated December 6, 2016 in the original principal amount of \$152,000 executed by Rex and Mary Beth in favor of the Bank, which was last extended by a Change in Terms Agreement dated June 24, 2019. This debt matured on October 24, 2019 pursuant to which the Rankins’ owe the sum of \$160,302.49 to the Bank plus accruing interest and costs. A copy of this Change in Terms Agreement is attached as Exhibit 4 to the Motion.
6. The terms of each note also allow the Bank to be reimbursed all costs of collection including reasonable attorney fees and all amounts advanced by the Bank on behalf of

the Debtors.

7. The Debt is secured by the following collateral:

- a. A real estate mortgage executed by Bayport on certain real property commonly known as a 3.37 +/- Acre Lot at or near the South Margin of Old Monrovia Rd, Huntsville, Alabama 35806 and 6.4 acres of land located at or near 1656 Old Monrovia Rd, Huntsville, Alabama as evidenced by that certain mortgage bearing Instrument Number 20160622000344130 and recorded in the probate records for Madison County, Alabama. A copy of this mortgage is attached to the Motion as Exhibit 5.¹
- b. An Aircraft Security Agreement by and between Rex, RWS, and the Bank with respect to a N976KC, Beechcraft King Air 200 serial number BB-601, its engines, and propellers, documented by (i) October 17, 2013 Commercial Security Agreement, and (ii) October 17, 2013 Department of Transportation Federal Aviation Administration Civil Aviation Registry Aircraft Registration Branch Aircraft Security Agreement. A copies of these security agreements are attached to the Motion as Exhibit 6.
- c. A First Preferred Ship Mortgage by and between Byeluvyaseaya Limited dated March 14, 2011 and the Bank filed May 30, 2011, with the Registrar of Ships, British Virgin Islands, Road Harbour, Tortola. A copy of the First Preferred Ship Mortgage is attached to the Motion as Exhibit 7 and 7a.
- d. A Cross-Collateralization and Cross Default Agreement dated January 11, 2019 pursuant to which Rankin, RWS and Bayport agreed that the foregoing real estate,

¹ The remainder of the real estate identified in this mortgage was sold by Debtors pre-petition who used the proceeds that were approved and allowed to be paid to Debtors to support Rex's lifestyle.

aircraft, and yacht stood as collateral for all debts owed by any of them to the Bank. A copy of the Cross Collateralization Agreement is attached to the Motion as Exhibit 8.

- e. A Commercial Guaranty dated July 5, 2017 whereby Bayport guaranteed to repay the indebtedness owed by Rex and Mary Beth to the Bank.
 - f. A Commercial Guaranty dated July 5, 2017 whereby RWS guaranteed to repay the indebtedness owed by Rex and Mary Beth to the Bank.
 - g. A Commercial Guaranty dated January 11, 2019 whereby RWS guaranteed to repay the indebtedness owed by Bayport and Rex to the Bank.
 - h. A real estate mortgage on certain real property commonly known as 901 Main Street E. Hartselle, Alabama 35640 (“Hartselle Property”) and recorded in the probate records for Morgan County, Alabama. A copy of this mortgage is attached to the Motion as Exhibit 9.
8. Since the filing of this case, none of the Debtors have made payment to the Bank nor have they offered any payment despite being in possession of and using some or all of this collateral. The non-default contract rate of interest under the Promissory Note dated October 17, 2019 is 6% per annum. See Exhibit 2 to Motion. Monthly interest-only payments on the Debt at 6% would equate to \$12,968.85 per month.
9. As shown by Exhibit 7a attached to the Motion, the luxury yacht, known as “Byeluvyaseaya”, (the “Yacht”), is owned by “Byeluvyaseaya Limited” located at 9 Columbus Centre Pelican Drive, PO Box 805, Town Tortola, British Virgin Islands. While this entity is not in Chapter 11, it is believed to be solely owned by Rex. Prior to September, 2019, the Yacht had a value of over 2 Million Dollars. In September, 2019,

the Yacht was significantly damaged by Hurricane Dorian in the Bahamas. The Bank has been informed that at the time the Yacht was damaged there was no insurance in place to protect the Bank's interest in the Yacht. Thus, the value of the Bank's collateral interest in the Yacht has been significantly impaired or eliminated altogether. The Bank had the Yacht inspected after the hurricane. Based on the information obtained by the Bank, the Yacht has a present value of approximately \$50,000.

10. The Bank also has to pay monthly hangar fees of \$575 for the Aircraft and has paid insurance premiums to date of \$36,073.50 of which \$11,373.50 was pre-petition and \$24,700 was paid post petition.
11. Attached as Exhibit 11 to the Motion is a copy of an appraisal of the 3.37 acre tract which the Bank had done in January, 2020. This appraisal shows that the 3.37 acre tract has a fair market value of \$539,000.
12. Attached as Exhibit 12 to the Motion is an appraisal of the 6.4 acre tract which the Bank had done in January, 2020. This appraisal shows that the 6.4 acre tract had a fair market value of \$934,000.
13. Attached to the Motion as Exhibit 13 is an appraisal of the Hartselle Property which the Bank had done in December, 2019. This appraisal shows that the Hartselle Property had a value of \$85,000.
14. Therefore, even if the Bank gave the Debtors full credit against the Debt for the fair market value of the Aircraft, the 3.37 acre tract, the 6.4 acre tract, the Hartselle Property and the Yacht, the resulting deficiency would be \$35,772.99. This amount is calculated as follows:

Debt	\$ 2,593,772.99
Aircraft	\$ (950,000.00)
3.37 acre tract	\$ (539,000.00)
6.4 acres tract	\$ (934,000.00)
Hartselle Property	\$ (85,000.00)
Yacht	\$ (50,000.00)
	\$ 35,772.99

FURTHER YOUR AFFIANT SAYETH NOT.

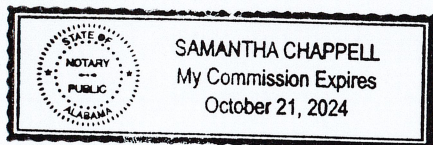
Kenneth D Watson
KENNETH D. WATSON

STATE OF ALABAMA
COUNTY OF MADISON

I, the undersigned, Notary Public in and for said County in said State, hereby certify that **Kenneth D. Watson**, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he executed the same voluntarily.

Given under my hand and seal this the 12^m day of November, 2020.

[Notarial Seal]



Samantha Chappell
NOTARY PUBLIC
My commission expires: 10/21/2024